



Minutes
Loxahatchee Groves
Finance Advisory & Audit Committee Meeting
August 31, 2009
Location: Palms West Hospital (Class #1)

Members Present:

Lung Chiu (*Vice Chair*)
Marge Herzog (*Committee Member*)
Nancy Handweg (*Committee Member*)
Cindy Corum (*Committee Member*)

Members Absent:

Elise Ryan (*Chair*)

Others Attending:

Councilman Ryan Liang (*Liaison*)
Matthew Lippman, Town Clerk
Members of the Public

Town Clerk called the meeting to order at 7:06 p.m.

1. **Opening:** Town Clerk Matthew Lippman called the meeting to order at 7:06 p.m.
2. **Roll Call** was taken and all members were present
3. **Agenda**

Motion to approve the agenda was made by Cindy Corum and seconded by Nancy Handweg. The motion passed 4-0

4. Minutes from the 7-08-09 Committee Meeting

- a. Corrections were made by Committee Member Handweg
- b. Corrections were made by John Ryan, member of the public

Motion to approve the minutes from 7-08-09 was made by Marge Herzog and seconded by Nancy Handweg. The motion passed 3-0 (with Cindy Corum abstaining)

5. July 2009 Financial Package:

- a. Vice Chair Chiu opened this agenda item and requested that Town Clerk Lippman walk the Committee through the financial reports included in the July 2009 Financial Package.
- b. Town Clerk Lippman indicated that the first report was the Financial Statement from July 2009. He pointed out that the numbers reflected in the line items for ad valorem taxes and solid waste assessment revenue were the final numbers as provided by Palm Beach County.
- c. Town Clerk Lippman indicated that the item under other contractual for Town Clerk should have been put into the Planning and Zoning category and that would be changed.
- d. Committee Member Herzog, Committee Member Corum and Vice Chair Chiu requested that when the new financials are formatted for the next fiscal year, that there be more specific labeling of "other contractual".
- e. Vice Chair Chiu asked that the headers carry over to all of the pages in the financial statements. He asked that they be made more user friendly.
- f. Town Clerk Lippman next introduced the Balance Sheet for July 2009 and outlined each line entry.

- g. Town Clerk Lippman next introduced the check register for July 2009 as well as the YTD Gas Tax Revenue Revenue and Cost explanations.
- h. John Ryan asked for an explanation on the cost recovery line item on the Balance Sheet. Town Clerk Lippman stated that this line item reflects the deposits and expenditures relating to the Land Use Plan Amendment Applications being processed by the Town's Planning Firm (Land Research Management.)
- i. John Ryan requested that there be some consistency in the labeling of the dates in the check register explanations.
- j. John Ryan requested that on all payments for contracts to identify which number payment it is and how much is remaining. He indicated that it was done for the Mellgren Planning Group check but should be on all others.
- k. Committee Member Corum asked if there was an ILA between the Town and the LGWCD. Town Clerk Lippman indicated that the ILA was a project specific ILA which granted the \$240,000 request for project funding by the LGWCD.
- l. Committee Member Corum inquired about how the Solid Waste Revenue works on the Financial Statement. She asked why there was a \$58,000 variation between what was budgeted and what will be collected. Town Clerk Lippman stated that the difference relates to the uncollected Solid Waste Revenue from 2007. He stated that back in 2007 the Town (on a one-time only basis) the Town had to bill the residents separately for their non-ad valorem assessment for Solid Waste. He stated that anyone that did not pay his or her assessment, the balance was carried over to the next year's property tax bill (in which the Solid Waste Assessment was then placed on the property tax bill notices). This is what accounts for the difference of \$58,000.

Motion to approve the June 2009 Financials was made by Marge Herzog and died for a lack of second. This item was tabled until the next FAAC Meeting.

6. Finance and Accounting Procedures Manual

- a. Town Clerk Lippman indicated that he submitted the manual for review to the Town Auditor as requested by the Committee. He apologized that the comments forwarded by the Auditor on the Finance and Accounting Procedures Manual were not included in the agenda packet for this meeting. He then pulled up the email on the computer and read the feedback to the Committee.
- b. Town Clerk Lippman indicated that he took care of the easy part and made some changes to the Manual. He indicated that the parts of the manual that he changed related to the revenue sources as well as the method of solid waste collections. He indicated that the information relating to more detail on the adjusting entries has not been completed at this point.
- c. Town Clerk Lippman indicated that at this point, Frank Spence would in the Groves on Friday and that he would review the manual with him to see if he has any feedback. He indicated that the final manual would be brought back to the Committee at the next meeting.
- d. Committee Member Corum asked about the section relating to bank reconciliations. She asked why the Town Manager was only approving the bank recs on a quarterly basis. Town Clerk Lippman stated that the Finance Department was going to the banks reconciliations on a monthly basis, present that information to the Committee, but that the Town Manager was going to review them quarterly. Committee Member Herzog indicated that the language

states that the Town Manager would review them "at a minimum" quarterly and the option were there to review them more. Vice Chair Chiu recommended that the Town Manager sign off on them monthly but that decision would be made by the new Town Manager.

- e. John Ryan stated that some of the revenues are not received monthly and that the explanations of the revenues should reflect the months that the revenue is not received. Town Clerk Lippman stated that he would make any changes to reflect when all of the revenues are received and what months they would not be received.
- f. The Committee then discussed the type of accounting that NCS was using when it books the revenues. Town Clerk Lippman indicated that the revenue is booked in the month that the revenue was for not when it was received. There was some concern expressed relating to the financial statements being "restated" once the revenue is received. Town Clerk Lippman stated that he understands their concerns and they should recommend to the new management team that the accounting of the revenues be changed to reflect the cash when the revenues are received and be booked in the same month.
- g. Vice Chair Chiu indicated that it is too premature to make any changes to the financial reporting before the new Town Management team starts.

7. Draft Budget 2009/2010 Fiscal Year:

- a. Town Clerk Lippman asked he could review the changes that were requested from the last meeting.
- b. Town Clerk Lippman stated that he received confirmation from the Palm Beach Tax Collector's Office relating to the final revenues that were received by the Town for the ad-valorem and non-ad valorem assessments (solid waste).
- c. Town Clerk Lippman stated that the budget amount for legal expenses stayed the same due to the unknown expenses needed for the challenge of the Comprehensive Plan. He stated that although the Town Attorney doesn't anticipate a great change, he would feel more comfortable in keeping the same dollar amount to allow for some cushion.
- d. Town Clerk Lippman stated that the Other Contractual line item under Public Works was changed to reflect the approval of the contract between the Town and Frank Schiola for Solid Waste Monitoring Services.
- e. Town Clerk Lippman stated that a summary page was created tying in both funds (the General Fund and the LOGT Fund) as per the Committee's request.
- f. Town Clerk Lippman asked to summarize the history of why the Planning and Zoning Contract was \$50,000. Town Clerk Lippman stated that 2 or 3 Council Meetings ago, the Town Council requested that the dollar amount for that line item be cut to \$25,000. He indicated that the budget was changed to reflect that. He stated that due to more research, at the last Town Council meeting, he advised that Town Council that they would be better off changing the line item back to \$50,000 due to the unknowns. Town Clerk Lippman strongly urged them to allow for the \$50,000 to remain in the budget for the Planning and Zoning Contract. He also pointed out that it is better to have the money budgeted and not use it then the other way around. He stated that the Town Council did not object to the line item staying at \$50,000.
- g. Town Clerk Lippman stated that the footnote at the bottom of the budget was changed to reflect the most current expenditures and that the assumptions were changed accordingly. Town Clerk Lippman indicated that he did not update the

numbers for the projects being conducted by Calvin, Giordano & Associates in the assumptions and would make the change by the next meeting to reflect any payments for those projects.

- h. Committee Member Herzog pointed out that in the assumptions for the remaining expenditures for Town Manager there was a gap between the dates of 10/1 to 10/5. She indicated that there was no expense being shown for those days. Town Clerk Lippman indicated that Frank Spence would not be started until Monday, October 5 and that his compensation for the month of October would be prorated accordingly. He also indicated that the last payment that NCS receives will be through September 30, 2009. He stated that NCS would not charge for the time that it spends between October 1 and October 6 in the Town providing management services.
- i. Town Clerk Lippman then reviewed the changes made in the footnotes regarding the General Fund and LOGT Reserves.
- j. Committee Member Corum asked for explanation of the Gas Tax Revenue and Expenditure report. She asked about the total amount that we have collected since August 2008 and the expenditures since that time as well. She stated that only 10 grand were put back into the community out of almost \$300,000 is a sad statement. Committee Member Herzog indicated that the Town Council was waiting on a request for the money and that the Town did approve putting \$240,000 back into the community by approving the funding ILA with the LGWCD.
- k. John Ryan recommended that the Town work out any easement issues with non-district roads relating to the collection of the Local Gas Taxes.
- l. Vice Chair Chiu asked that the "double-line" in the financial statement should only be included where it applies. He stated that it doesn't apply to any percentage columns and asked that the budget be changed to reflect that.
- m. Vice Chair Chiu inquired about the revenue the Town should receive from PBSO writing citations and asked where it shows up in the revenue. Town Clerk Lippman indicated that most likely we were getting revenue from citations being written on dirt roads, but we probably aren't receiving revenue from citations being written on Folsom or Okeechobee Blvd. He indicated that he emailed Commissioner Santamaria's office and got a response back from PBSO that they are looking into the matter.
- n. Vice Chair Chiu asked if the Planning and Zoning Budget took into account any money needed for the Comprehensive Plan challenge. Town Clerk Lippman indicated that Town Manager Irv Rosenbaum reviewed that budget and did not feel that increasing the planning budget was necessary as a result of discussions with the attorney.
- o. Town Clerk Lippman reminded everyone that the first budget hearing is on September 10 and the second budget hearing is on September 17.

8. Business Tax License Overview:

- a. Vice Chair Chiu turned this agenda item over to Town Clerk Lippman. Town Clerk Lippman asked Committee Member Corum if she would speak to this item, since this item was placed on the agenda at her request.
- b. At this point, Committee Member Corum reviewed the County process for renewals and new business tax licenses.
- c. Committee Member Corum inquired as to why the Town was inspecting "home based businesses". She indicated that the County wasn't inspecting home based

businesses, so then why was the Town. Town Clerk Lippman indicated that there has been problems with falsifying applications for home based businesses that the only way to insure that the business being applied for is truly a home based business, an inspection was necessary. Town Clerk Lippman indicated that when the Code Enforcement Officer goes out to inspect the home based business, they are looking to see if the applicant has complied with all of the regulations outlined in the ULDC for home based occupations. He indicated that if they have, the Code Enforcement Officer then approves the application. Committee Member Corum indicated that she felt it was not an efficient use of the taxpayer's money to have the Code Enforcement officer inspect these home based businesses. Town Clerk Lippman indicated that the Town would continue to inspect home-based businesses until the Town Council tells staff otherwise.

- d. At this Committee Member Corum reviewed the existing Code Enforcement Log and asked questions to Town Clerk Lippman about specific cases.

9. Finance Transition with incoming Town Manager Frank Spence:

- a. Town Clerk Lippman reviewed the steps that would be taken with the financial transition with Frank Spence.
- b. Town Clerk Lippman indicated that NCS' responsibility for the financial part wouldn't end until the audit for the 08-09 Fiscal Year was completed. Town Clerk Lippman pointed out that although the Town Council approved for additional funds to be paid to NCS for the audit, that NCS was not going to charge the Town any extra. He indicated that he felt that it was NCS' responsibility and that it was the right thing to do.
- c. John Ryan asked if the Town was changing bank accounts. Town Clerk Lippman stated that the Town Staff were not authorized signers on the account and neither would the new Town Management team, so there was no need to change any banking information with the exception of the Town Credit Card that was in the Town Clerk's name.
- d. Doreen Baxter asked if the recorder was the Town's recorder. Town Clerk Lippman stated that it was NCS' and the plan was for the Town to purchase a digital voice recorder as well as a LCD projector, which was owned by NCS as well.
- e. Vice Chair Chiu asked Frank Spence if he felt comfortable with the transition projects that were stated in the end of the year management report provided by NCS. He asked Frank if he was aware of these items and Frank indicated yes.
- f. Town Clerk Lippman indicated that he would update the master list of contracts and ILAs before he left and would be sure that Frank was given the updated form.
- g. At this point Frank Spence explained how his previous Village utilized an Enterprise fund for the Solid Waste revenues and expenses.

10. Administration Update:

- a. Town Clerk Lippman outlined the process that the Town has gone through relating to Emergency Management. He indicated that a year ago, the Town held a strategic planning session relating to Emergency Management. He indicated that as a result of the session, a punch list was created for items that the Town needed to complete in the future. He stated that one of those items was a Emergency Management Table Top Exercise. He stated that we are know

at a point where the Town needs to retain the services of someone with experience that can facilitate this Table Top Exercise.

- b. Town Clerk Lippman indicated that the Town Council and Committee needs to decide how to approach retaining someone to facilitate the exercise. He indicated that you can find a volunteer that has the credentials and experience to facilitate the exercise or contract with a firm to provide these services.
- c. Councilman Liang stated that the EOC wanted to get all of the elected officials trained on all the ICS courses. Town Clerk Lippman indicated that he would send a memo out to the Town Council of how to get NIMS certified.
- d. Committee Member Herzog recommended that the Town contact some of the area leaders in the EOC to help the Town out with this exercise.

11. Next Meeting and Time

- a. The next meeting was set for Wednesday, September 30 at 7:00 p.m.

12. Public Comments:

- a. Councilman Liang announced that there would be an update meeting for the Cancer Cluster on September 2, 2009.
- b. Committee Member Corum reiterated that the staff should consolidate the code enforcement calls so that the officer doesn't come up just for one call.
- c. Town Clerk Lippman indicated that he was consolidating the code enforcement calls and the whole process has been more efficient.

Motion to adjourn the meeting was made by Marge Herzog and seconded by Cindy Corum. The motion passed 4-0. The meeting was adjourned at 9:01 p.m.

ATTEST:


Michelle Kantor, Town Clerk

10/30/09
Date Approved